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Social Enterprise in Estonia: Present Situation and the Perspectives of Future Development, Survey of Estonian Opinion

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Abstract

The main purpose of this research is to reveal Estonian opinion and public awareness on the social enterprise phenomenon and to establish whether Estonian respondents are willing to support and participate in social entrepreneurship. The authors conducted a survey among financial/business professionals. Information was compiled and analyzed based on the received responses. The survey discovered that in Estonia people are willing to support social enterprises by purchasing their goods or services or by sharing their knowledge and skills free of charge. The survey has also shown that social enterprise has to be developed in order to solve various state and society problems. Results have also shown that most of the respondents ranked the society and personal awareness of social enterprise in Estonia as low. Authors believe that findings of the survey may be useful for defining strategies of further successful development of social enterprising in Estonia.

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Introduction

Growing popularity of Corporate Social Responsibility concept has brought up interest as well as concern on the matter of creation of social value and achieving sustainable development of long-term changes in the society. As a result, greater number of social enterprises have been emerging and growing in various economic sectors during the last decades all over the world. For instance, according to Yiu, Wan, Ng, Chen & Su (2014) in recent decades China

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has shown that more and more entrepreneurs are participating in social entrepreneurship programmes. Studies of Fazzi (2011) have shown the recent evolution of rural social co-operation in Italy. Today the social enterprise identifies and solves various social problems, according to Estrin, Mickiewicz, and Stephan (2013), it also has a positive effect on the development of commercial enterprising. Dees (2001, 2011) identifies that “social entrepreneurs play the role of change agents in the social sector” and serve as testing laboratory for the new ideas enabling the society to enjoy the benefits of their practical experience.

In 2014 study “Social Enterprise in Estonia” was carried out in Estonia under the project “Creating a Statistical Overview of Social Enterprise”, initiated by the Network of Estonian Non-Profit Organisations, Statistics Estonia, and the Estonian Social Enterprise Network. The results of this study showed that in Estonia social enterprises are usually micro companies located in all regions of the country, 66% of their revenues are earned from business activities and nearly 1/3 of these companies lack any kind of financial support and donations. (The results of the “Social Enterprise in Estonia”, Study, 2014).

In September 2013 a project was started with the main purpose to develop Estonian Social Enterprise Network as advocacy organisation for the social enterprises in Estonia. The partners of the project are the Good Deed Foundation and the Network of Estonian Non-profit Organizations. The project is supported by the NGO Fund of EEA Grants, operated by Open Estonia Foundation. (Estonian Social Enterprise Network, 2015).

These developments and challenges have influenced authors’ choice of the topic and aim for this research. The subject of this research is the social enterprise in Estonia. The main purpose of the research is to reveal Estonian opinion and public awareness on the social enterprise phenomenon and to establish whether Estonian respondents are willing to support and participate in social entrepreneurship

1. Review of literature

Social enterprises respond the needs of the society doing their best to provide sustainable development of the economy by solving social problems and creating public value. Austin, Stevenson and Wei-Skillern (2006) outlined that social enterprise can be “conceptualized as a vehicle for creating social value, either directly or through facilitating the creation of social value with and by others” (Austin, Stevenson and Wei-Skillern 2006). According to Hartigan (2006) social entrepreneurship is the most exciting field in business today.

During last decades the phenomenon of social enterprises has attracted attention of many researchers, however the findings of Short, Moss & Lumpkin (2009) suggest that social entrepreneurship research still remains in an “embryonic state”. This may be partly explained by the fact that the concept itself is quite broad and according to Peredo & McLean (2005) social entrepreneurship reflects “of the way that the world is”. It should also be stated that the concept of social enterprising has deep roots in the political development of the society and according to Spear, Cornforth & Aiken, M (2009) is a “policy vehicle” which became a vital part of the governmental policy. Findings of Park & Wilding (2013) suggest that in both UK and Korea in the period since 1997 for UK and 1999 for Korea till 2010 the government played an active role in introduction of social enterprising.

Several researchers relate the social enterprise phenomenon with the major changes in the society and the need to create social welfare and address specific problems. According to Sepulveda (2014), development of social enterprise within the EU countries is enhanced by opening of new public service markets. The findings of Doherty, Haugh, and Lyon (2014) suggest that due to the global crisis of 2008 companies with the “embedded social value” have attracted public attention.

It should also be noted that in most cases it is quite difficult to draw the line between social enterprises and companies with integrated social values and a purpose to solve social problems by their everyday normal business activity. This is the case of Spear & Bidet (2005) as in their studies they state that “There is no exact way of fixing the border below which the importance of social goals fails to qualify something as social entrepreneurship” Spear & Bidet (2005).

One can argue that social enterprising is extremely important for the certain groups of people, whose social isolation drives them out of social life and gives very limited options to earn money for living. Spear & Bidet (2005) stated that social enterprises are well tailored to assisting marginalized people. Muñoz (2010) in her studies suggested that further investigation is needed in the area of the importance of a social enterprise in solving the problems of social isolation. Harris, Renko & Caldwell, K. (2013) stated that with the proper support social

entrepreneurship can effectively address the needs of disabled people, taking into consideration the fact that in most European countries labor market has become accessible by all kind of participants, which is also confirmed by the studies of Spear, R. and Bidet, E. (2005)

2. Methodology

The survey was conducted among financial/business professionals employed by various Estonian private companies and the students of Tallinn University of Technology (TTU); 118 responses were collected in the process. Information was compiled and analyzed based on the received responses. The survey consisted of two parts and 8 statements in total. Each statement in the first part represents an opinion about public value and main goal of social enterprising, while statements in the second part are related to the society and personal awareness of social enterprise, the problems in Estonia that may be helped by social enterprising and the ways of support the respondents were ready to offer. In 6 instances out of 8 respondents were asked to pick one or several statements that applied and the remaining questions asked respondents to rank their opinion from 1 to 5 (1 = strongly disagree; 5 = strongly agree) or in order to express their agreement or disagreement with the statement.

Demographic data of the survey is presented in the table 1.

Table 1. Demographic data of the survey.

Status	Sample
Students & Practitioners	
TTU Students	90
Financial/Business Practitioners	31
Total	118
Age	
< 25	55
26-35	33
36-45	24
46>	6
Total	118
Education	
Bachelor	94
Master & PhD	15
Other	9
Total	118
Work experience	
< 5	63
6-10	22
11-15	10
> 15	23
Total	118

Source: author's construction based on the results of the conducted survey

The table clearly shows that the majority of respondents were people with higher education, work experience and economic background as the student respondents were only represented by the ones studying economics, business or finance.

3. General Findings

Tables 2 and 3 list results of the 13 statements from the first part of the survey. The average scores presented in the table 2 demonstrate that in general respondents appear to appreciate impact of social enterprise on the society and they do agree that the activities of these enterprises create public value. However, they appear not to see connections between social enterprising and profitability and revenue.

Table 2. Total Sample Mean Scores by Statement for the First Part of the Survey (1 = strongly disagree; 5 = strongly agree).

No.	Statement	Score
1	Activity of a social enterprise is sale of goods and/or services	3.88
2	Social enterprises are created on a voluntary basis only, with the aim of solving various society problems	3.93
3	Success of social enterprising mainly depends on its employees	4.18
4	Social enterprising must earn revenue	3.36
5	Social enterprising must be profitable	3.00
6	Social enterprising must include in its activities representatives of society whose problem it solves	4.14
Public value of activities of social enterprises:		
7	Promotes personal development of an individual	3.74
8	Improves public welfare	4.27
9	Solves problem of social isolation of certain society groups	3.90
10	Assists social cohesion	3.74
11	Creates opportunities for acquiring new knowledge and skills	3.97
12	Solves social problems	3.98
13	Creates jobs	3.44

Source: author's construction based on the results of the conducted survey

The strongest arguments which gained total agreement and support from the respondents were the ones stating that the success of social enterprising mainly depends on its employees (4.18) and the one stating that the social enterprise improves public welfare (4.27).

Among the weakest arguments turned out to be the ones related to profitability of social enterprises (3.00 and 3.36). Respondents also showed a low score for the argument that social enterprise created new jobs.

Table 3 represents the society and personal awareness on social enterprising in Estonia as ranked by the respondents.

Table 3. Level of society and personal awareness on social enterprising in Estonia ranked by the respondents (%).

Statement	High	Sufficient	Difficult to rank	Low	No awareness
Society awareness	0	1.69	10.17	84.75	3.39
Personal awareness	0.85	27.97	22.72	45.76	2.70

Source: author's construction based on the results of the conducted survey

The results of Table 3 clearly indicate that there is an equal opinion regarding current society and personal awareness of social enterprising in Estonia, most respondents ranked them as "low".

The respondents were also asked to pick up one answer to the question of what type of workforce (paid or unpaid) does the functioning of a social enterprise imply. Most respondents (60 out of 118) stated that type of hire not important, 40 stated that it implies involvement of both unpaid volunteers as well as paid contract employees without limitations. The least popular choices were the ones stating that only unpaid volunteers should be involved and that social enterprise should hire minimum number of paid employees, i.e. no more than 2 (5 and 13 replies).

In the opinion of respondents the main sources of finance for social enterprises are revenue from sale of goods and services (100 respondents have chosen this answer) and government subsidies (chosen by 55 respondents).

The respondents have shown a strong desire to support social enterprises by purchasing their goods and services and by sharing their skills and expertise (consultations, trainings, etc.) free of charge. Least popular arguments turned out to be participating in fundraising and sharing expertise and skills (consultations, trainings, etc.) for certain remuneration. Only one person expressed no desire to support social enterprising.

According to the results of the survey the main problems which may be solved by social enterprising are removing social isolation for the disabled and helping large families. Suggestions that social enterprise could create jobs, help retired people and improve natural environment of Estonia gained less support.

Conclusions

The study examined strength and weaknesses of various statements that, in our opinion, have been the most attention worthy and determine the opinion and awareness of Estonian professionals and students on the social enterprise phenomenon. Many of these arguments were dictated by the nowadays situation in society and growing importance of social aspect of economy. The survey discovered that in Estonia people are willing to support social enterprising by purchasing their goods or services or by sharing knowledge and skills free of charge. The survey has also shown that social enterprise has to be developed in order to solve various state and society problems such as unemployment, employment of disabled persons, the problems of large families.

The authors consider results of the survey both inspiring and disappointing as they have shown that there is a strong desire to support social enterprising, however, the society and personal awareness of the respondents about social enterprising in Estonia appears low, therefore the outcome of the support is also not very high.

The findings of the survey have various implications. First, they emphasize the fact that if the state would like social enterprising to play an important role in modern social and business development more attention should be paid to this matter. The support of social enterprises should become an item of a high priority as well as the society awareness of this phenomenon. Second, the results of the survey may be useful for defining the strategies of further successful development of social enterprising in Estonia, however, authors strongly believe that more detailed research of Estonian opinion about this matter is needed, which would attract people from different organizations and with various backgrounds.

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